

STATE OF INDIANA)
) SS:
COUNTY OF LAGRANGE)

IN THE LAGRANGE CIRCUIT COURT

CAUSE NO. 44C01-0012-CP-126

STATE OF INDIANA,)
)
 Plaintiff,)
)
 v.)
)
LLOYD HOCHSTETLER,)
)
 Defendant.)

FILED

MAY 0 4 2001

JUNE A. PRILL, CLERK
LAGRANGE CIRCUIT COURT

**AMENDED COMPLAINT FOR INJUNCTION,
RESTITUTION, COSTS, AND CIVIL PENALTIES**

The State of Indiana, by Attorney General Steve Carter and Deputy Attorney General David A. Paetzmann, petitions the Court pursuant to the Indiana Deceptive Consumer Sales Act, Indiana Code §24-5-0.5-1 *et seq.*, for injunctive relief, restitution, civil penalties, costs, and other relief.

PARTIES

1. Plaintiff, State of Indiana, is an enforcing authority of Ind. Code §24-5-0.5-1 *et seq.*, and is authorized to bring this action and to seek an injunction, consumer restitution, and other relief.

2. Defendant Lloyd Hochstetler ("Hochstetler") resides at 3690 N. 850 W., Shipshewana, Indiana 46565, and has been a resident of LaGrange County at all times relevant to the Plaintiff's complaint.

FACTS

3. During the months of October and November of 1999, a number of people residing in Northern Indiana became involved in a money-making venture referred to

alternatively as “ ‘Blessings’ Gift List,” “Gifting Activities,” or “Gifting and Receiving Activities” (hereinafter “Blessings”).

4. Blessings was a program organized as a pyramid-shaped grid consisting of four levels containing a total of fifteen positions. The fourth, or bottom level of the grid contained eight positions, referred to as “freshmen,” the third level contained four positions, referred to as “sophomores,” the second level contained two positions, referred to as “juniors,” and the top level, or apex of the pyramid, consisted of one position, referred to as the “senior.”

5. Any person wishing to enter Blessings was required to pay the senior the amount of two thousand dollars (\$2,000.00) in order to secure a position on the bottom level of the grid, which allowed the person joining to recruit other persons to join Blessings.

6. When a senior obtained a \$2,000.00 payment from eight people securing all eight positions at the bottom level of the grid, the senior was removed from the grid, which then split into two grids with the junior of each grid advancing to the senior position at the apex of their respective grid. Those positioned on the third and fourth levels also advanced to the second and third levels, respectively, creating eight new positions at the bottom level of each grid. A true and correct copy of a chart distributed to some of the participants in Blessings showing the movement of participants through the grid is attached and incorporated by reference as Exhibit “A.”

7. In the fall of 1999, Hochstetler began participating in Blessings and encouraged persons to join his grid to enable him to advance to the senior level. When Hochstetler attained the level of senior on his grid, he continued to promote Blessings directly and indirectly by encouraging persons at the junior and sophomore level to sign up new participants.

8. In October 1999, Hochstetler encouraged Barbara E. Fry, directly and through her son Glen Fry, to pay Hochstetler \$2,000.00 in order to join his grid and secure the ability to recruit new members, with the ultimate goal of advancing through the levels of the pyramid and receiving a \$16,000.00 payment.

9. In October 1999, Hochstetler encouraged Ray Byler, through third parties, to pay Hochstetler \$2,000.00 in order to join his grid and secure the ability to recruit new members, with the ultimate goal of advancing through the levels of the pyramid and receiving a \$16,000.00 payment.

10. As part of his promotion of Blessings, Hochstetler represented, either in person or through third parties, to prospective participants, including Barbara E. Fry and Ray Byler, that Blessings was legal and that money participants received through Blessings was tax free, when the Defendant knew or should have known such representations were false.

11. In truth and in fact, Blessings was an illegal pyramid scheme and payments received by persons who participated in Blessings were not tax free.

12. As a result of Hochstetler's efforts in promoting Blessings and the representations set forth in paragraph 10 above, Hochstetler received, indirectly through third parties, payments totalling four thousand dollars (\$4,000.00) from Barbara E. Fry and Ray Byler, on or about October 25, 1999.

13. Hochstetler's efforts to promote Blessings were with knowledge of its illegality.

VIOLATIONS OF THE DECEPTIVE CONSUMER SALES ACT

14. The "'Blessings' Gift List" and its variants are pyramid promotional schemes as defined by Ind. Code §24-5-0.5-2(8).

15. Hochstetler is a "supplier" as defined by Ind. Code §24-5-0.5-3(B).

16. Hochstetler's actions in promoting Blessings as set forth above in paragraphs 7 through 10 and 12 above constitute violations of Ind. Code §24-5-0.5-10(3).

IRREPARABLE HARM

17. The deceptive acts set forth above will continue and will cause irreparable injury unless Hochstetler is enjoined from engaging in further conduct that violates Ind. Code §24-5-0.5-1 *et seq.*

RELIEF

WHEREFORE, the Plaintiff, State of Indiana, requests the Court enter judgment against the Defendant, Lloyd Hochstetler, and order the following relief:

- a. A permanent injunction pursuant to Ind. Code §24-5-0.5-4(c)(1) enjoining Hochstetler from promoting a pyramid promotional scheme in the future;
- b. Restitution pursuant to Ind. Code §24-5-0.5-4(c)(2) in an amount to be determined at trial;
- c. Costs pursuant to Ind. Code §24-5-0.5-4(c)(3), awarding the Office of the Attorney General its reasonable expenses incurred in the investigation and prosecution of this action;
- d. Civil penalties pursuant to Ind. Code §24-5-0.5-4(g) for Hochstetler's knowing violations of the Deceptive Consumer Sales Act, in the amount of five hundred dollars (\$500.00) per violation, payable to the State of Indiana; and
- e. All other just and proper relief.

Respectfully submitted,

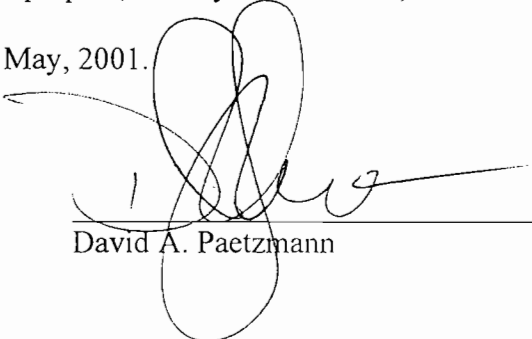
STEVE CARTER
ATTORNEY GENERAL OF INDIANA
Attorney no. 4150-64

By: 

David A. Paetzmann
Deputy Attorney General
Attorney no. 6392-23

CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing Amended Complaint was mailed by United States mail, first class postage prepaid, to Lloyd Hochstetler, 3690 N. 850 W., Shipshewana, IN 46565 this 3rd day of May, 2001.


David A. Paetzmann

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DAP/I0373

"Blessings" Flow-Chart

Freshman

| | | | |
|---|---|---|---|
| 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 |

Sophomore

| | |
|---|---|
| 1 | 2 |
| 3 | 4 |

Junior

| |
|--|
| |
|--|

Junior

| |
|--|
| |
|--|

Senior

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